

Message Text

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E.O. 11652: N/A

TAGS: BTIO, BEWT, RO

SUBJ: INTEREST OF FTO MECANOEXPORTIMPORT IN FRANCHISING
CONTRACT FOR WAGONS

1. SUMMARY: FTO MECANOEXPORTIMPORT HAS REQUESTED EMBASSY ASSISTANCE IN IDENTIFYING A MAJOR AMERICAN FREIGHT CAR MANUFACTURER WHICH WOULD BE INTERESTED IN PROVIDING ROMANIA WITH THE NECESSARY LICENSE RIGHTS, TECHNICAL DOCUMENTATION AND ASSISTANCE TO PRODUCE (UNDER AMERICAN TRADE MARK) FREIGHT CARS. NINETY PERCENT OF THE OUTPUT WOULD BE TO THE US AND/OR MARKETS INDICATED BY THE AMERICAN COMPANY. THE ROMANIAN SIDE WOULD OFFER LOW COST LABOR AND FACILITIES. END SUMMARY.

2. MR. RAZVAN ANDREESCU OF DEPARTMENT 44, MECANOEXPORTIMPORT, STRADA MIHAI EMINESCU 10, BUCHAREST, ROMANIA, TELEX 011-269, IS SEEKING INITIAL CONTACT WITH AN AMERICAN MANUFACTURER OF FREIGHT CARS IN ORDER TO DISCUSS A POSSIBLE FRANCHISING CONTRACT. THE NECESSARY EQUIPMENT AND MACHINERY PURCHASED AND LEASED FROM COMPANIES RECOMMENDED BY THE AMERICAN COMPANY WOULD BE INSTALLED IN A FREIGHT CAR PLANT ALREADY IN OPERATION AT TURNU SEVERIN, A PORT AT THE DANUBE. THIS PLANT NOW PRODUCES 800 FOUR-AXLE AND 2500-3000 TWO-AXLE FREIGHT CARS PER YEAR. THE AVAILABLE MAIN HALL (WHERE THE 4-AXLE CARS ARE PRODUCED) AND UNCLASSIFIED

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4 SMALLER HALLS ARE IN NEED OF MODERNIZATION. THE CONTRACT

WOULD INCLUDE THE TRAINING IN THE STATES OF A LARGE NUMBER OF ROMANIAN WORKERS. BESIDES LOW COST LABOR AND FACILITIES, ROMANIA INTENDS TO SUPPLY PARTLY OR, IF POSSIBLE, TOTALLY THE NECESSARY STEEL (SEVERAL AMERICAN STANDARD STEELS ARE PRODUCED IN RESITA, APPROXIMATELY 100 MILES FROM TURNU SEVERIN) AND THE WAGON BOGIES, ALREADY BEING MANUFACTURED UNDER AMERICAN LICENSE IN BALS, OLT COUNTY AT THE RATE OF 10,000 PER YEAR. IN MECANOEXPORTIMPORT'S VIEW AN AMERICAN PARTNER FOR THIS PROJECT WOULD BE THE MOST CONVENIENT ONE BECAUSE "THE US IS THE LARGEST FREIGHT CAR PRODUCER WITH THE MOST ADVANCED TECHNOLOGY IN THE WORLD, AND BECAUSE MFN STATUS WOULD ENABLE ROMANIA TO EXPORT FREIGHT CARS TO THE UNITED STATES". AS REFERENCE FOR THEIR EXPERIENCE IN MANUFACTURING FREIGHT CARS MECANOEXPORTIMPORT GAVE US A LIST WITH THEIR EXPORTS OF FOUR-AXLE FREIGHT CARS IN 1975. THE CUSTOMERS IN ALL CASES WERE THE STATE OWNED RAILWAY HEAD-QUARTERS. USSR-4000 PIECES, BRAZIL-1400, POLAND-1400, IRAN-1130, HUNGARY-1000, CHINA-500, PERU-319, SYRIA-100, EAST-GERMANY 50, GREECE 30.

3. AS A FIRST STEP MECANOEXPORTIMPORT WOULD APPRECIATE BEING NOTIFIED BY AMERICAN COMPANIES OF THEIR INTEREST IN THIS PROJECT AS SOON AS POSSIBLE.

4. COMMENT: AS BEWT MAY RECALL (SEE BUCH 5220, NOV 11, 1974) LAST FALL FORMER SENATOR JOSEPH TYDINGS TRIED TO INTEREST MECANOEXPORT IN A DEAL SUCH AS THIS, WHICH GOR DID NOT FOLLOW UP RADIDLY ENOUGH TO SUSTAIN US INTEREST. WE STILL DO NOT KNOW WHETHER GOR PROBLEM WAS THE LIMITED PROFIT POTENTIAL WITHOUT MFN, COMPETING OFFERS FOR USE OF ROMANIAN RAIL CAR BUILDING CAPACITY, BUREAUCRATIC INERTIA, OR PERHAPS ANOTHER FACTOR. NEVERTHELESS, WE DOUBT THAT THE PROBLEM WAS TECHNICAL, AS ROMANIA HAS MADE CARS FOR THIRD COUNTRIES TO US-STYLE SPECIFICATIONS IN EARLIER YEARS, AND IT IS APPARENT THAT GOR INTEREST IS NOW AWAKENED.

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